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SUBJECT: EUROPEAN PARLIAMENT QUESTIONS UTILITY OF GALILEO
SUPERVISORY AUTHORITY

¶1. (SBU) Summary: Amendments made by Parliament to the Commission's new proposal for the governance and financing for the Galileo satellite navigation program were debated during the January 29 meeting of the European Parliament's Industry, Research, and Energy Committee (ITRE). Key topics at issue were:

--the utility of the Galileo Supervisory Authority (GSA)-considered by most Members of European Parliament (MEPs) and the Commission as of continued relevance to the program;
--recent press articles contending that the true cost of Galileo could be as much as EUR 10B as opposed to the EUR 3.4B approved by the Council-the Commission and the Slovenian Presidency stand behind the previous budget assessments and do not agree with the press reports;
--whether to vote on the proposals as amended-ITRE decided not to vote at this time, as it allows for further opportunity for negotiations with the Council. As of now, this should not jeopardize the timeline for Galileo, but if further delays in Parliament do occur, cost and time overruns are possible. End Summary.

¶2. (SBU) During a meeting of the European Parliament's Industry, Research, and Energy Committee (ITRE), several Members of European Parliament (MEPs) questioned how useful the Galileo Supervisory Authority (GSA) really is now that Galileo is completely publicly funded. Their argument is that as there is no longer a public-private partnership, the original role and purpose of the GSA no longer exists. This view was not, however, shared by MEP Etelka Barsi-Pataky, Parliament's Rapporteur for Galileo, explaining that the expertise held within GSA is very important for future efforts, specifically as the EU debates how to fund and govern the operation phase for Galileo. Control of the program could again be turned over to a public-private partnership after the full satellite constellation is in place. Director Karamitsos from the Commission's Directorate General for Energy and Transport, during his presentation to Parliament, supported this view, adding that the Commission expects to delegate new work to GSA on topics such as technical support and preparing future markets, while keeping in mind that the expertise developed during past concession negotiations will be of use in 2010 when the Commission is expected to present its proposals on the operational phase.

¶3. (SBU) During a meeting with a member of the ITRE Secretariat, Econ officers were informed that it is expected

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the ITRE committee final vote count on this issue will be 28

in favor of keeping GSA, 10 opposed, and one abstention.
(Comment: This is not the first time that USEU has heard GSA questioned. During meetings with the Commission, OES and USEU Econ Officers were told that one option during the new proposals was to disband GSA completely, but was ultimately dismissed as it was logistically more difficult to dissolve it than to keep it. End comment.)

14. (SBU) During the same ITRE session, the discussion shifted to recent press articles explaining Galileo could cost as much as EUR 10 billion. Director Karamitsos again defended the figures, explaining that in his belief, some in industry were trying to "conduct early negotiations" through the press in order to garner more funds for contracts. However, he did explain that delays could add up to substantial cost overruns, with each day wasted costing EUR 1.5 million.

(Comment: This was a direct attack at Parliament's inability to come to decision quickly when most of the details already have been resolved. End comment.) During the presentation of Slovenia's Minister of Transport to the ITRE committee the previous week, responding to these reports, Minister Zerjav explained that all 27 Member States, Parliament, and the Commission are in agreement that the evaluated EUR 3.4B figure remains accurate.

15. (SBU) As was expected, Parliament did not come to vote on the 1st reading of Amendments to the Commission's proposals. During the meeting with the ITRE Secretariat, it was explained that the Council is not in agreement with many of the amendments made by the Parliament, and this will need to be discussed in Strasbourg the week of February 18.

(Comment: Note that this does not jeopardize the decisions made by the Council in December, but the EP wants the chance to negotiate a little more with the Council. However, no public statements have emerged from those meetings, and it is not clear if Galileo was discussed. End comment.) Despite the concerns-which were not described in detail-the

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Secretariat official expects that consensus will be reached

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soon. The final ITRE voting date has now slipped to sometime in March, which still allows for a plenary vote in early April, but does cause concern if a new issue does arise. Assuming that consensus is reached and the vote in April is positive, and the Council subsequently approves with the conclusion of the negotiations, ESA will be able to begin issuing calls for proposals in late Spring.

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